

DICKINSON WRIGHT PLLC
JOHN L. KRIEGER
Nevada Bar No. 6023
Email: jkrieger@dickinson-wright.com
8363 West Sunset Road, Suite 200
Las Vegas, Nevada 89113-2210
Tel: (702) 550-4400
Fax: (844) 670-6009

THORPE, NORTH & WESTERN, LLP
MARK M. BETTILYON
Utah Bar No. 4789 (*Pro Hac Vice Application to be submitted*)
JED H. HANSEN
Utah Bar No. 10679 (*Pro Hac Vice Application to be submitted*)
175 South Main Street, Suite 900
Salt Lake City, Utah 84111
Telephone: (801) 566-6633
Facsimile: (801) 566-0750
Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

SCHLUTER SYSTEMS, L.P., a New York
limited partnership,

Plaintiff,

vs.

ONE STOP SOURCING, INC. dba ALINO,
a Canadian corporation,

Defendant.

Case No.:

COMPLAINT AND JURY DEMAND

Plaintiff, Schluter Systems, L.P. ("Schluter" or "Plaintiff") hereby files this Complaint with Jury Demand against Defendant One Stop Sourcing, Inc. doing business as Alino ("Alino" or "Defendant").

Plaintiff complains and alleges as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff brings this action under U.S. patent laws, 35 U.S.C. §§ 1 et seq. This Court has subject matter jurisdiction over this action under 28 U.S.C. §§ 1331 and 1338. This Court also has supplemental jurisdiction over any state law, or statutory and common law claims pursuant to 28 U.S.C. § 1367.

1 2. Upon information and belief, this Court has specific personal jurisdiction over
2 Defendant as Defendant has purposefully directed its activities toward the state of Nevada and
3 has promoted and/or sold the products at issue in this case into the state of Nevada. Particularly,
4 Defendant has promoted the products at issue in this case at the Kitchen Bath & Industry Show
5 in Las Vegas, Nevada.

6 3. Venue is proper in this judicial district pursuant to 28 U.S.C. §1391 because
7 Defendant conducts business in this district directly related to the patent at issue in this case
8 thereby causing harm to Schluter in this judicial district. Venue lies in the unofficial Southern
9 division of this Court.

10 4. Plaintiff Schluter Systems L.P. is a New York limited partnership having a
11 principal place of business at 194 Pleasant Ridge Road, Plattsburgh, New York 12901
12 (“Schluter”).

13 5. Upon information and belief, Defendant One Stop Sourcing, Inc. is a Canadian
14 corporation doing business as Alino in the United States with a principal place of business at 25
15 Fairmont Close Brampton, Ontario, Canada L6Y2Y3.

16 GENERAL ALLEGATIONS

17 **PLAINTIFF’S PRODUCTS AND INTELLECTUAL PROPERTY**

18 6. Schluter repeats and realleges paragraphs 1 through 5 as is fully set forth herein.

19 7. Schluter serves millions of consumers worldwide in the tile industry. Through its
20 worldwide affiliates, Schluter markets a line of tile-related products including tile trims,
21 uncoupling membranes, floor heating systems, waterproof building panels, and shower systems.

22 8. In conventional tile systems, tiles are anchored directly to a substrate with mortar.
23 However, movement (even slight) of the substrate can result in cracking and/or delaminating of
24 the tile surface from the substrate. Generally speaking, an uncoupling membrane is a grid
25 structure comprising cavities and an anchoring fleece laminated to the underside of the grid. The
26 anchoring fleece is embedded in thin-set mortar to provide a mechanical bond to the substrate
27 (e.g., a concrete or plywood subfloor). Tile is installed over the uncoupling membrane in such a
28 way that mortar between the tile and the top surface of the membrane becomes mechanically

1 anchored in the cavities of the grid. The uncoupling membrane provides a forgiving shear
2 interface that allows for in-plane movement, helping to neutralize differential movement stresses
3 between the substrate and the tile, thus minimizing cracking and delaminating of the tiled
4 surface.

5 9. As a market leader and innovator in the tile industry, Schluter has invested
6 significant sums of money in the development and protection of new products to serve the tile
7 industry. As part of this, Schluter was awarded and is the owner of, United States Patent
8 Number 6,434,901 protecting its innovative uncoupling membrane from copying and other acts
9 of patent infringement (hereinafter the “‘901 Patent”). The ‘901 Patent was granted on August
10 20, 2002. A copy of the ‘901 patent is attached hereto as Exhibit A.

11 10. One of Schluter’s successful products is its DITRA uncoupling membrane.
12 Schluter has sold millions of dollars of its innovative DITRA uncoupling membrane which is
13 protected by the ‘901 Patent. An example of Schluter’s popular uncoupling membrane is shown
14 below.



22 ALINO’S MISCONDUCT

23 11. Upon information and belief, Alino makes, uses, sells, offers for sale, and/or
24 imports into the United States, an uncoupling membrane product that infringes one or more
25 claims of the ‘901 Patent (the “Infringing Product”), including claim 1 of the ‘901 Patent.

26 12. Claim 1 of the ‘901 Patent recites:

27 In combination with a base of a floor, ceiling or wall structure and
28 with an adhesive contact layer and a surface facing adhered on said adhesive

1 contact layer, a support plate comprising:

2 a foil made of a synthetic sheet material, having spaced
3 apart inner and outer sides, and formed with a plurality of raised web regions
4 disposed at said outer side and extending in longitudinal and transverse directions
5 of said outer side so as to intersect one another and a plurality of base web regions
6 disposed at said inner side offset from and between said raised web regions so as
7 to be spaced from one another by said raised web regions, said raised and base
8 web regions being interconnected together by connection web regions extending
9 between said inner and outer sides of said foil so as to define inwardly open
10 grooves and outwardly open chambers there between in a pattern in which said
11 inwardly open grooves intersect one another and are located behind said raised
12 web regions of said foil and said outwardly open chambers are spaced from one
13 another and located in front of said base web regions of said film so as to receive
14 protruding within said outwardly open chambers to said base web regions of said
15 foil, said raised web regions including edge portions which overhang said
16 outwardly open chambers so as to define undercut portions thereof that retain said
17 portions of said adhesive contact layer therein; and

18 a webbing attached to said inner side of said foil and to said
19 base such that said foil is thereby attached to said base via said webbing and said
20 foil also is attached to said surface facing via said adhesive contact layer so as to
21 permit installation of said surface facing via said foil to said base of floor, ceiling
22 or wall structure while at the same time neither said base nor said adhesive
23 contact layer are not attached to one another because said foil is disposed there
24 between and thereby provides a decoupling of differing stresses between said
25 surface facing and said base.

13. Upon information and belief, Alino's Infringing Product contains each and every
16 element of claim 1 of the '901 Patent. Attached hereto as Exhibit B is comparison of Alino's
17 Infringing Product with the elements of claim 1 of the '901 Patent.

14. Upon information and belief, Alino's Infringing Product is a copy of Schluter's
19 DITRA uncoupling membrane. A side-by-side comparison of Schluter's uncoupling membrane
20 and Alino's uncoupling membrane is provided below:

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DITRA Uncoupling Membrane



Alino Uncoupling Membrane

15. Upon information and belief, Alino is in direct competition with Schluter in the uncoupling membrane market.

16. Upon information and belief, Alino maintains warehouses throughout the United States through which it ships products to consumers in the United States, including the state of Nevada.

17. Upon information and belief, Alino makes, uses, sells, imports, offers for sale, and/or distributes its Infringing Products in the United States, including in Nevada.

18. Upon information and belief, Alino has sold and/offered the Infringe Product for sale to consumers in the United States, including to consumers within the state of Nevada.

19. Upon information and belief, Alino's continued manufacture, use, sale, import, and offer for sale, and distribution of its Infringing Products has injured, is injuring, and will continue to cause irreparable injury to Schluter.

20. Additionally, upon information and belief, Alino acted in an objectively reckless manner with respect to Schluter's patent rights.

21. Upon information and belief, Alino copied Schluter's DITRA product. Moreover, upon information and belief, Alino made, used, sold, offered for sale, and imported into the United States its Infringing Products knowing that it was highly likely that its acts would constitute infringement of a valid patent. Upon information and belief, Alino knew, or should have known, that its actions were highly likely to result in the infringement of a valid patent. As

1 a consequence, Alino has engaged in willful infringement of the '901 Patent. Schluter is
2 therefore entitled to treble damages and attorneys' fees as well as costs incurred in this action
3 along with prejudgment interest under 35 U.S.C. §§ 284 and 285.

4 22. Schluter has been, and continues to be, significantly damaged by Alino's actions.
5 So long as Alino continues performing the unlawful and improper actions described in this
6 Complaint, Schluter will continue to suffer irreparable harm that will not be fully compensable
7 by money damages.

8 **FIRST CAUSE OF ACTION**
9 **(PATENT INFRINGEMENT OF THE '901 PATENT UNDER 35 U.S.C. § 271)**

10 23. Schluter hereby incorporates by reference each and every preceding allegation of
11 this Complaint as if set forth fully herein.

12 24. Schluter owns the '901 Patent.

13 25. Alino makes, uses, sells, offers for sale, and/or imports into the United States one
14 or more uncoupling membranes that infringe at least claim 1 of the '901 Patent, either literally or
15 under the doctrine of equivalents.

16 26. At no time has Schluter granted Alino permission, license, or authorization to
17 make, use, sell, offer for sale, or import the Infringing Products or to practice the claims of the
18 '901 Patent.

19 27. Upon information and belief, Alino's infringing activities have damaged Schluter
20 in an amount to be proven at trial. Among other remedies, Schluter is entitled to lost profits
21 and/or a reasonable royalty to adequately compensate Schluter for Alino's infringing activities
22 under 35 U.S.C. §284. Additionally, the harm to Schluter arising from Alino's acts is not fully
23 compensable by money damages. Upon information and belief, Schluter has suffered, and
24 continue to suffer, irreparable harm that has no adequate remedy at law and that will continue
25 unless the infringing conduct by Alino is preliminarily and permanently enjoined.

26 28. Upon information and belief, Alino acted in an objectively reckless manner with
27 respect to Schluter's patent rights. Upon information and belief, Alino made, used, sold, and
28 offered for sale its Infringing Products knowing that it was highly likely that its acts would

1 constitute infringement of a valid patent and at the very least copied Schluter's products. As a
2 consequence, Defendant has engaged in willful infringement of the '901 Patent. Schluter is
3 therefore entitled to treble damages and attorneys' fees as well as costs incurred in this action
4 along with prejudgment interest under 35 U.S.C. §§ 284 and 285.

5 **SECOND CAUSE OF ACTION**
6 **(CONTRIBUTORY INFRINGEMENT OF THE '901 PATENT UNDER 35 U.S.C. § 271)**

7 29. Schluter hereby incorporates by reference each and every preceding allegation of
8 this Complaint as if set forth fully herein.

9 30. Schluter owns the '901 Patent.

10 31. Upon information and belief, Alino makes, uses, sells, offers for sale, and/or
11 imports into the United States a product that is material to practicing claims of the '901 Patent.

12 32. At no time has Schluter granted Alino permission, license, or authorization to
13 make, use, sell, offer for sale, or import the Infringing Products or practice the claims of the '901
14 Patent.

15 33. Upon information and belief, the Infringing Products marketed and sold by Alino
16 have no substantial non-infringing uses.

17 34. Moreover, upon information and belief, the Infringing Products are known by
18 Alino to be especially made or especially adapted for use in an infringement of the '901 Patent.

19 35. Upon information and belief, Alino's infringing activities have damaged Schluter
20 in an amount to be proven at trial. Among other remedies, Schluter is entitled to its lost profits
21 and/or a reasonable royalty to adequately compensate them for Alino's infringing activities under
22 35 U.S.C. §284. Additionally, the harm to Schluter arising from the acts of Alino is not fully
23 compensable by money damages. Schluter has suffered, and continues to suffer, irreparable
24 harm that has no adequate remedy at law and that will continue unless the infringing conduct by
25 Alino is preliminarily and permanently enjoined.

26 36. Upon information and belief, Alino acted in an objectively reckless manner with
27 respect to Schluter's patent rights. Upon information and belief, Alino made, used, sold, and
28 offered for sale its Infringing Products knowing that it was highly likely that its acts would

1 constitute infringement of a valid patent and at the very least copied Schluter's products. As a
2 consequence, Alino has engaged in willful infringement of the '901 Patent. Schluter is therefore
3 entitled to treble damages and attorneys' fees as well as costs incurred in this action along with
4 prejudgment interest under 35 U.S.C. §§ 284 and 285.

5 **THIRD CAUSE OF ACTION**
6 **(INDUCED PATENT INFRINGEMENT OF THE '901 PATENT UNDER 35 U.S.C. § 271)**

7 37. Schluter hereby incorporates by reference each and every preceding allegation of
8 this Complaint as if set forth fully herein.

9 38. Schluter owns the '901 Patent.

10 39. Upon information and belief, Alino makes, uses, sells, offers for sale, and/or
11 imports into the United States a product that is material to practicing claims of the '901 Patent.

12 40. At no time has Schluter granted Alino permission, license, or authorization to
13 make, use, sell, offer for sale, or import the Infringing Products or practice the claims of the '901
14 Patent.

15 41. Upon information and belief, Alino actively induces its customers to make use of
16 the Infringing Products in a manner that infringes the '901 Patent.

17 42. Upon information and belief, Alino possessed specific intent to encourage its
18 customers to make use of the Infringing Products in a manner that Alino knew, or should have
19 known, would infringe the '901 Patent.

20 43. Upon information and belief, Alino's infringing activities have damaged Schluter
21 in an amount to be proven at trial. Among other remedies, Schluter is entitled to its lost profits
22 and/or a reasonable royalty to adequately compensate them for Alino's infringing activities under
23 35 U.S.C. §284. Additionally, the harm to Schluter arising from the acts of Alino is not fully
24 compensable by money damages. Schluter has suffered, and continues to suffer, irreparable
25 harm that has no adequate remedy at law and that will continue unless the infringing conduct by
26 Alino is preliminarily and permanently enjoined.

27 44. Upon information and belief, Alino acted in an objectively reckless manner with
28 respect to Schluter's patent rights. Upon information and belief, Alino made, used, sold, and

1 offered for sale its Infringing Products knowing that it was highly likely that its acts would
2 constitute infringement of a valid patent and at the very least copied Schluter's products. As a
3 consequence, Alino has engaged in willful infringement of the '901 Patent. Schluter is therefore
4 entitled to treble damages and attorneys' fees as well as costs incurred in this action along with
5 prejudgment interest under 35 U.S.C. §§ 284 and 285.

6 **WHEREFORE**, it is respectfully requested that the Court enter judgment in favor of
7 Plaintiffs as follows:

8 A. That the Court enter judgment that Alino has infringed the '901 Patent either
9 literally or under the doctrine of equivalents.

10 B. That the Court enter judgment that Alino is liable to Schluter for contributory
11 infringement of the '901 Patent.

12 C. That the Court enter judgment that Alino is liable to Schluter for inducement to
13 infringe the '901 Patent.

14 D. That Alino be ordered to pay damages to Schluter, together with interest, in an
15 amount to be determined by this Court.

16 E. That the Court award Schluter treble damages pursuant to 35 U.S.C. §284.

17 F. That the Court award Schluter costs and attorneys' fees related to this action
18 pursuant to 35 U.S.C. §285.

19 G. That the Court award Schluter prejudgment interest.

20 H. That Schluter have such other and further relief as shall seem just and proper to
21 the Court.

22 I. That the Court grant preliminary and permanent injunctive relief enjoining
23 Schluter, its officers, directors, principals, agents, servants, employees, successors and assigns,
24 and all other aiding, abetting, or acting in concert or active participation therewith, from directly
25 or indirectly infringing the '901 Patent, including without limitation, precluding Schluter from
26 making, using, selling, offering for sale, or importing the Infringing Products.

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JURY DEMAND

Schluter hereby demand that all claims and causes of action raised in this Complaint be tried to a jury to the fullest extent possible under the United States and Nevada Constitutions.

DATED this 20th day of January, 2017.

DICKINSON WRIGHT PLLC

BY: 

JOHN L. KRIEGER

Nevada Bar No. 6023

Email: jkrieger@dickinson-wright.com

8363 West Sunset Road, Suite 200

Las Vegas, Nevada 89113-2210

Tel: (702) 550-4400

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175 South Main Street, Suite 900

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Facsimile: (801) 566-0750

Attorneys for Plaintiff